

# District Taxes and Delivered Sales

As you probably know, the sales and use tax rate is not the same in all California locations. While the standard statewide rate is currently 7.25 percent, the total sales and use tax rate is *higher* in areas where there are voter-approved special transactions (sales) and use tax districts. In those districts, the total tax rate includes the standard statewide tax rate *plus* the district tax rate (which varies from district to district). You must report district taxes on Schedule A of your sales and use tax return.

## Sales and Use TAX FACTS

### Publication 105 • LDA

For additional information you may download forms and publications from our website or place orders for certain forms and publications:  
[www.boe.ca.gov](http://www.boe.ca.gov)  
 You may also call our Information Center for assistance or to request forms and publications:  
 800-400-7115  
 For hearing impaired:  
 TTD/TTY: 800-735-2929  
 or 800-735-2922

This publication is intended to help you understand when the district tax applies to sales you deliver or ship to California destinations. For general information on applying sales tax to delivered sales, you may wish to order our publication 100, *Shipping and Delivery Charges*. Please note that district tax generally applies to your over-the-counter sales within a district unless you are a registered seller of vehicles, vessels, or aircraft (see below).

### Determining where district taxes are in effect

Publication 71, *California City and County Sales and Use Tax Rates*, includes information on special tax districts and lists tax rates for all California cities and counties. Tax rates are also found on our Internet site and faxback system (call our toll-free 800 number). If the rate listed for a city or county is higher than 7.25 percent, that city or county is in a special tax district. While most special tax districts cover entire counties, some are limited to specific cities. There may be more than one district tax in effect in a specific location.

### Basic rules

Unless you are a registered dealer of vehicles, undocumented vessels, or aircraft (see below), you should follow the basic rules below in applying tax to sales of merchandise delivered in California.

<i>Shipping or delivery destination</i>	<i>Applicable tax rate</i>
Location outside of all special tax districts	Generally, the standard statewide tax rate of 7.25 percent.
Location inside a special tax district	Total rate for the district (statewide rate + district rate). However, if you are not <i>engaged in business</i> in the district, you are <i>not</i> required to collect district tax and you may use the statewide rate (7.25 percent). See reverse for more information.

### Registered sellers of vehicles, undocumented vessels, and aircraft

If you are a registered seller of vehicles, undocumented vessels, or aircraft, you must generally apply tax to your sale or lease at the rate in effect at

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the California location where your customer will register or license their purchase. This is true regardless of where the item is sold or delivered. If a district tax is in effect at the registration or licensing location, the total tax rate for the district (statewide rate + district rate) will apply to your sale. For more information, please see our publication 34, *Tax Tips for Motor Vehicle Dealers*.

### **Delivery to a location inside a special tax district**

The total tax rate in effect in a special tax district (statewide rate + district rate) generally applies to sales delivered or shipped into the district. However, if you are not *engaged in business* in the district, you are *not* required to collect the district use tax. Instead, you may calculate the tax due on your sale at the statewide rate of 7.25 percent (see “Courtesy collection of use tax,” below). You are considered to be engaged in business in a special tax district and must collect and pay district use tax if you

- Have any kind of permanent or temporary business location in the district, including a warehouse, salesroom, or office;
- Have any kind of representative or agent in the district, even temporarily, who makes sales, takes orders, or makes deliveries for you;
- Use *your own delivery vehicles* to regularly deliver merchandise *into or within* the district; *or*
- Receive rental income from the lease of merchandise located in the district.

As noted above, you may be engaged in business in a special tax district even if you do not have a permanent location there. For example, if the sales representative for your Calaveras County business travels to San Joaquin County to take an order, you are considered to be engaged in business in the San Joaquin Transportation Authority special tax district. Tax would apply to your sale at the full rate in effect for San Joaquin County. You would report the San Joaquin Transportation Authority district tax on Schedule A of your sales and use tax return.

### **Courtesy collection of district use tax**

As noted above, if you are not engaged in business in a special tax district you are not required to collect the district use tax on items you ship by common carrier into the district. Your customer, however, is liable for the district use tax. As a courtesy to your customer, you may choose to collect the district use tax from them. If you do, you must report it on Schedule A of your return and pay it to us.

### **Special situations — sales to aircraft common carriers; fixed-price contracts**

The information in this publication may not apply to your sales to aircraft common carriers or sales involving fixed-price contracts. For help, please contact our Information Center.

### **Related publications**

- 34 *Tax Tips for Motor Vehicle Dealers*
- 44 *Tax Tips for District Taxes*
- 46 *Tax Tips for Leasing of Tangible Personal Property in California*
- 71 *California City and County Sales and Use Tax Rates (includes list of districts)*
- 100 *Shipping and Delivery Charges*

### **Related regulations**

- 1822 *Place of Sale for Purposes of Transactions (Sales) and Use Taxes*
- 1823.5 *Place of Delivery of Certain Vehicles, Aircraft, and Undocumented Vessels*
- 1827 *Collection of Use Tax by Retailers*

*Note: The statements in this fact sheet are general and are current as of June 2005. The sales and use tax law and regulations are complex and subject to change. If there is a conflict between this publication and the law or regulations, decisions will be based on the law and regulations.*